

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIXTH-MONTHS PERIOD ENDED 30 JUNE 2025
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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Independent auditor's review report on the interim condensed financial statements

To the Shareholders of National Environmental Recycling Company

A Saudi Joint Stock Company
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of National Environmental Recycling Company (Joint Stock Company) (the "Company") as at 30 June 2025, and the interim condensed statements of profit or loss and other comprehensive income for the three and six month period then ended, and the interim condensed statements of changes in equity, and cash flows for the six months period then ended, and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matter

The comparative information for the interim condensed statement of profit and loss and other comprehensive income for the three-month period ended 30 June 2024 and related explanatory notes, have not been audited or reviewed.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

Alzoman, Alfahad & Alhajjaj Professional Services

Zaher Abdullah Al Hajjaj
Certified Public accountant
License no. (562)



Riyadh, Kingdom of Saudia Arabia

Date: 17 Safr 1447

Corresponding to: 11 August 2025

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Notes	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	175,903,355	155,292,894
Right of use assets		4,188,057	4,987,732
Total non - current assets		180,091,412	160,280,626
Current assets			
Inventories	5	170,759,065	163,409,855
Trade receivables	6	98,209,951	51,822,512
Prepayments and other receivables		38,700,402	28,786,347
Cash and cash equivalents	7	8,530,317	16,493,223
Total current assets		316,199,735	260,511,937
Total assets		496,291,147	420,792,563
Equity and liabilities			
Equity			
Share capital	8	116,160,000	116,160,000
Treasury shares	9	(4,000,000)	(4,000,000)
Statutory reserve		10,040,024	10,040,024
General reserve	10	2,634,693	-
Share based payment reserve		404,026	404,026
Share premium		67,838,889	67,838,889
Retained earnings		71,455,502	47,743,261
Total equity		264,533,134	238,186,200
Liabilities			
Non-current liabilities			
Loans and borrowings	11/A	29,736,785	26,744,986
Employees benefits obligations		2,657,118	2,093,309
Lease liabilities		1,771,832	2,331,436
Total non - current liabilities		34,165,735	31,169,731
Current liabilities			
Short-term loans	11/B	165,977,317	127,704,144
Loans and borrowings-current portion	11/A	11,690,099	10,924,775
Lease liabilities		1,140,501	1,458,805
Trade payables		7,570,054	1,938,654
Accrued expenses and other liabilities		9,678,335	6,364,826
Zakat provision	13	1,535,972	3,045,428
Total current liabilities		197,592,278	151,436,632
Total liabilities		231,758,013	182,606,363
Total equity and liabilities		496,291,147	420,792,563

Chairman of Board of Directors

Eyad Abdulaziz Alnafe'i

Managing Director

Nasser bin Mohammed Al-Dueb

Chief Financial Officer

Bharat Bhatnagar

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The accompanying notes from 1 to 20 form an integral part of these interim condensed financial statements.

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NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

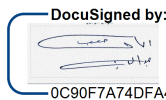
FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited and Unreviewed)	2025 (Unaudited)	2024 (Unaudited) - Restated Note 18
Revenue	14	228,614,869	196,220,189	496,158,483	396,891,320
Cost of revenue		(208,894,817)	(185,930,100)	(447,968,905)	(374,861,703)
Gross profit		19,720,052	10,290,089	48,189,578	22,029,617
General and administrative expenses		(4,462,146)	(2,491,030)	(9,345,048)	(4,764,550)
Expected credit losses		(1,266,316)	(1,186,338)	(2,463,125)	(1,312,338)
Operating profit		13,991,590	6,612,721	36,381,405	15,952,729
Other income / (loss), net		(1,081,265)	396,575	(1,080,595)	1,150,320
Finance cost		(3,886,499)	(1,571,213)	(7,188,179)	(2,988,279)
Profit before zakat		9,023,826	5,438,083	28,112,631	14,114,770
Zakat	13	(662,414)	(479,065)	(1,476,669)	(1,079,065)
Profit for the period		8,361,412	4,959,018	26,635,962	13,035,705
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurement of Employee benefit obligations		(289,028)	(112,913)	(289,028)	(112,913)
Total comprehensive income for the period		8,072,384	4,846,105	26,346,934	12,922,792
Earnings per share for the period:					
Basic	15	0.07	0.04	0.24	0.12
Diluted		0.07	0.04	0.23	0.11


Chairman of Board of Directors

Eyad Abdulaziz Alnafe'i

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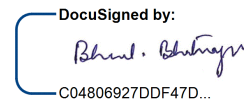
Managing Director

Nasser bin Mohammed Al-Dueb

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Chief Financial Officer

Bharat Bhatnagar

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NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIXTH MONTHS PERIOD ENDED 30 JUNE 2025

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Share Capital	Treasury Shares	Statutory Reserve	General Reserve	Share-based Payment Reserve	Share Premium	Retained Earnings	Total Equity
For the six-month period ended 30 June 2025								
As of 1 January 2025 (Audited)	116,160,000	(4,000,000)	10,040,024		404,026	67,838,889	47,743,261	238,186,200
Net profit for the period	-	-	-	-	-	-	26,635,962	26,635,962
Other comprehensive Loss	-	-	-	-	-	-	(289,028)	(289,028)
Total comprehensive income for the period	-	-	-	-	-	-	26,346,934	26,346,934
Transfer to the general reserve	-	-	-	2,634,693	-	-	(2,634,693)	-
As at 30 June 2025 (Unaudited)	<u>116,160,000</u>	<u>(4,000,000)</u>	<u>10,040,024</u>	<u>2,634,693</u>	<u>404,026</u>	<u>67,838,889</u>	<u>71,455,502</u>	<u>264,533,134</u>
For the six-month period ended 30 June 2024								
As of 1 January 2024 (Audited)	58,080,000	(2,000,000)	6,261,941	-	201,730	67,838,889	69,561,350	199,943,910
Restatement	-	-	197,778	-	-	-	1,779,998	1,977,776
As of 1 January 2024 (Audited) - restated	58,080,000	(2,000,000)	6,459,719	-	201,730	67,838,889	71,341,348	201,921,686
Net profit for the period	-	-	-	-	-	-	11,026,054	11,026,054
Other comprehensive loss	-	-	-	-	-	-	(112,913)	(112,913)
Total comprehensive income for the period - before restatement	-	-	-	-	-	-	10,913,141	10,913,141
Restatement - Note 18	-	-	-	-	-	-	2,009,651	2,009,651
Share - based payment	-	-	-	-	101,148	-	-	101,148
Transfer to the statutory reserve	-	-	1,292,279	-	-	-	(1,292,279)	-
As at 30 June 2024 (Unaudited) - Restated	<u>58,080,000</u>	<u>(2,000,000)</u>	<u>7,751,998</u>	<u>-</u>	<u>302,878</u>	<u>67,838,889</u>	<u>82,971,861</u>	<u>214,945,626</u>

Chairman of Board of Directors

Eyad Abdulaziz Alnafe'i


Managing Director

Nasser bin Mohammed Al-Dueb

Chief Financial Officer

Bharat Bhatnagar

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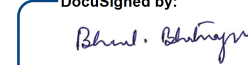
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The accompanying notes from 1 to 20 form an integral part of these interim condensed financial statements.

A SAUDI JOINT STOCK COMPANY
 INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
 FOR THE SIXTH MONTH PERIOD ENDED 30 JUNE 2025
 (ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	30 June, 2025 (Unaudited)	30 June, 2024 (Unaudited) - Restated Note 18
Operating activities		
Profit before zakat	28,112,631	14,114,770
Adjustments for non-cash items:		
Depreciation of property, plant, and equipment	5,551,921	2,808,728
Depreciation of the right of use assets	799,673	679,127
Loss on disposal of property, plant, and equipment	19,507	-
Expected credit loss	2,463,125	1,312,338
Finance cost	7,188,179	2,988,279
Share based payment expense	-	101,148
Employees defined benefits provision	276,130	257,098
	44,411,166	22,261,488
Changes in working capital:		
Inventories	(7,349,210)	(6,964,927)
Trade receivables	(48,850,564)	(3,866,725)
Prepayments and other receivables	(9,914,055)	21,044,705
Trade payables	5,631,400	(4,314,660)
Accrued expenses and other liabilities	3,313,509	(537,208)
	(12,757,754)	27,622,673
Zakat paid	(2,986,125)	(2,146,852)
Employees defined benefits paid	(1,350)	(119,470)
Net cash (used in)/generated from operating activities	(15,745,229)	25,356,351
Investing activities		
Purchase of property, plant, and equipment	(26,592,657)	(32,784,161)
Proceeds from sale of property, plant, and equipment	168,250	-
Net cash used in investing activities	(26,424,407)	(32,784,161)
Financing activities		
Proceeds from loans and borrowings	174,414,320	92,277,372
Repayments of loans and borrowings	(133,814,955)	(81,982,631)
Finance cost paid	(5,377,809)	(2,835,312)
Repayments of lease liabilities	(1,014,826)	(753,091)
Net cash generated from financing activities	34,206,730	6,706,338
Net changes in cash and cash equivalents	(7,962,906)	(721,472)
Cash and cash equivalents at the beginning of the period	16,493,223	9,803,459
Cash and cash equivalents at the end of the period	8,530,317	9,081,987
Non-cash items:		
Transferred from prepayments and other receivable to plant, property, and equipment	150,000	34,500
Transferred from works in progress to plant, property, and equipment	6,737,187	30,819,575

Chairman of Board of Directors

Eyad Abdulaziz Alnafe

Managing Director

Nasser bin Mohammed Al-Dueb

Chief Financial Officer

Bharat Bhatnagar

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NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

1. LEGAL STATUS AND OPERATIONS

National Environmental Recycling Company (hereinafter the "Company") is a Saudi joint stock Company, established under the Commercial Register No. 1010465140 dated 27 Jumada Al-Akhira 1436 AH (corresponding to 16 April 2015) in Riyadh, Kingdom of Saudi Arabia.

The principal activities of the Company are represented in the wholesale of waste, scrap and materials for recycling, including collection, classification, segregation, stripping, storage, and delivery.

The Company carries out its activities through the factory of National Environmental Recycling Company (the Branch), which is registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010432838 on Muharram 29, 1438H (corresponding to October 30, 2016). The Branch is engaged in the production of copper, aluminium and iron blocks, plastic granules and blocks containing precious metals under industrial license No. 1438100182884. The registered address of the Company is P.O. Box 3431, Riyadh 13524, Al-Malqa District, Riyadh Kingdom of Saudi Arabia.

These interim condensed financial statements include the Company's assets, liabilities, activities and the Branch.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2-1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, these interim condensed financial statements do not include all the information required to prepare a complete set of financial statements prepared in accordance with International Financial Reporting Standards. These interim condensed financial statements should be read along with the Company's audited financial statements for the year ended on 31 December 2024.

The interim period is considered to be an integral part of the full fiscal year; still, the results of operations for the interim periods may not be a fair indication of the results for the full-year operations.

2-2 Accounting policies

The accounting policies and calculation methods applied in preparing the interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended 31 December 2024.

The interim condensed financial statements are presented in Saudi riyals, which is the Company's functional currency, and all amounts are rounded to the nearest Saudi riyal, unless otherwise indicated.

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2025 and has been explained in Company's annual Financial Statements, but they do not have a material effect on the Company's Interim Condensed Financial Statements.

3. USE OF JUDGMENTS AND ESTIMATES

The preparation of interim condensed financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The significant estimates made by management in applying the Company's accounting policies and the primary sources of estimation of uncertainty were the same as those that were applied in the Company's audited financial statements for the year ended 31 December 2024.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

4. PROPERTY, PLANT AND EQUIPMENT

The carrying amount of property, plant and equipment as at 30 June 2025 amounted to SAR 175.9 million (31 December 2024: SR 155.29 million). During the six-month period ended 30 June 2025, the Company acquired property, plant, and equipment amounting to SR 26.59 million the primary addition was for work in progress on the installing of new separation production line, equipment and vehicles amounting to SR 23.19 million during the current period. During the period the Company disposed property, plant, and equipment with net book value SR 431 thousand and charged a depreciation of SR 5.55 million.

5. INVENTORIES

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Raw materials	159,850,930	131,991,677
Finished goods	9,277,095	29,128,525
Spare parts	1,631,040	2,289,653
	170,759,065	163,409,855

6. TRADE RECEIVABLES

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Trade receivables	102,908,285	54,057,721
Less: Expected credit losses *	(4,698,334)	(2,235,209)
	98,209,951	51,822,512

*** The movement in expected credit losses**

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Balance at 1 January	2,235,209	931,537
Charged during the period / year	2,463,125	1,388,366
Written off	-	(84,694)
Balance at end of the period / year	4,698,334	2,235,209

7. CASH AND CASH EQUIVALENTS

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Cash at banks	8,261,186	16,299,727
Cash in hand	269,131	193,496
	8,530,317	16,493,223

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

8. SHARE CAPITAL

On 17 Jumada Al-Akhira 1446H (corresponding to 18 December 2024), the Extraordinary General Assembly of the Company's shareholders approved the Board of Directors' recommendation to increase the Company's capital by 100% through the issuance of bonus shares to shareholders, granting one bonus share for each share owned. This resulted in an increase in the Company's capital to SR 116,160,000, with a nominal value of SR 1 per share.

9. TREASURY SHARES

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance as at January 1	4,000,000	2,000,000
Bonus share issued	-	2,000,000
	<u>4,000,000</u>	<u>4,000,000</u>

9.1 The number of treasury shares held by the Company increased by 2 million ordinary shares as a result of the issuance of bonus shares during 2024.

9.2 Pursuant resolution of the Extraordinary General Assembly held on 1 Muharram 1447H (corresponding to June 26, 2025), it was approved to extend the maximum period during which the Company may retain the treasury shares, which was previously approved in the resolution of the Extraordinary General Assembly held on 13 Safar 1443H (corresponding to September 20, 2021), amounting to 2 million shares before the issuance of bonus shares and 4 million shares after the issuance of bonus shares, for an additional four years starting from the date of approval by the Extraordinary General Assembly. Upon the expiry of this period, the Company will follow the procedures and regulations stipulated in the applicable laws.

10. GENERAL RESERVE

Pursuant to the resolution of the Extraordinary General Assembly held on 1 Muharram 1447H (corresponding to 26 June 2025), the shareholders approved an amendment to Article 39 of the Company's Articles of Association relating to the distribution of profits. In accordance with the amended article, 10% of the net profit shall be allocated to a general (discretionary) reserve. The Ordinary General Assembly may resolve to suspend this allocation once the reserve reaches 30% of the paid-up share capital.

11. LOANS AND BORROWINGS

A- Loans and borrowings-long term:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Loans from local banks (1)	32,625,308	25,514,633
Loans from Saudi Industrial Development Fund (3)	-	1,428,423
Loan from a finance Company (4)	8,801,576	10,726,705
	<u>41,426,884</u>	<u>37,669,761</u>
Long-term loans are classified and presented as follows:		
Non-current portion	29,736,785	26,744,986
Current portion	11,690,099	10,924,775
	<u>41,426,884</u>	<u>37,669,761</u>

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

11. LOANS AND BORROWINGS (CONTINUED)**B- Short term loans:**

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Loans from local banks (1)	116,938,684	78,523,633
Loans from Saudi Export and Import Bank (2)	49,038,633	49,180,511
	165,977,317	127,704,144

1) The Company entered into an agreement to obtain Islamic facilities from local commercial bank during years 2022, 2023 and 2024 where SR 120 million were utilized at a predetermined profit rate from those facilities to finance the Capital expenditures and working capital. As a guarantee for the financing, a promissory note and real estate guarantee mortgage has been provided.

- On January 26, 2025, the company entered into a Sharia-compliant credit facility agreement with local commercial bank, with a total credit limit of SR 170 million. These facilities include a SR 90 million as bridge financing for the loan to be obtained from Saudi Industrial Development Fund (SIDF) to be available after signing the facilities agreement with the SIDF and SR 45 million as a bank guarantee in favour of SIDF.

As of the financial statements' approval date, the bridge financing amount has not been drawn down. However, 35 million SR of the total credit limit has been utilized at a pre-agreed profit rate to finance working capital requirements. The Company has provided a promissory note covering the full value of the facilities as collateral for this financing.

2) The Company entered into an agreement with the Saudi Export-Import Bank in 2023 to obtain Murabaha financing, securing SR 36 million to fund its working capital. Furthermore, on 3 November 2024, the Company entered into another agreement, increasing existing line to SR 50 million. As a guarantee for the financing, a promissory note equivalent to the agreement's value has been provided.

3) On 25 April 2017, the Company agreed with (Saudi Industrial Development Fund) to obtain a loan amounting to SR 13.8 million to finance the purchase of machinery and equipment at a predetermined rate. During the year 2021, the Company agreed with the fund to modify a loan amounting to SR 10.141 million. The Company has fully repaid the amount during April 2025.

4) The Company entered into an agreement with a finance Company in 2022 and 2023 to obtain financing facilities amounting to SR 16 million at an agreed-upon Murabaha rate to fund capital expenditures.

All working capital financing is revolving in nature, with a maturity of less than 12 months, whereas capital expenditure financing has a maturity of 3 to 7 years. All financing is secured by either promissory notes or land as collateral.

The agreements include covenants that require, among other conditions, the maintenance of specific financial ratios, a designated level of capital expenditures, and other obligations. As of 30 June 2025, the Company was compliant with these covenants.

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include key management personnel such as members of the Board of Directors and senior management employees of the Company. Senior management employees are those individuals who have the authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including managers.

	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
Senior management salaries and allowances	2,131,760	1,709,112
Board of directors' rewards and allowances	856,000	-
	2,987,760	1,709,112

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

13. ZAKAT PROVISION

The Company submits its Zakat returns to the Zakat, Tax and Customs Authority. Zakat is due at the rate of 2.5% of the approximate Zakat base or adjusted net profit, whichever is higher.

The movement of the Zakat provision during the period/ year is as follows:

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Balance at 1 January	3,045,428	2,319,715
Provision created during the period / year	1,476,669	2,872,565
Paid during the period / year	(2,986,125)	(2,146,852)
Balance as at the end of the period / year	1,535,972	3,045,428

The Company has submitted its Zakat declarations to the Zakat, Tax and Customs Authority (ZATCA) for all years up to December 31, 2024. It has received the Zakat assessment for the year 2021 and settled its position with the Authority. Additionally, the Company finalized its Zakat status for the years 2016, 2017, and 2018 during 2020. However, the years 2019, 2020, 2022, and 2024 remain under review by ZATCA, for the year 2023, the Company received an assessment notice from ZATCA differences amounting to SR 113,560, which was settled during the period ended 30 June 2025.

The Company has also obtained the Zakat Certificate issued by the Zakat, Tax and Customs Authority, valid until April 30, 2026.

14. REVENUE

	Three-month period ended 30 June		Six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited and Unreviewed)	(Unaudited)	(Unaudited)
Export Sales	152,571,805	129,003,346	327,552,145	265,927,287
Local Sales	76,043,064	67,216,843	168,606,338	130,964,033
	228,614,869	196,220,189	496,158,483	396,891,320

Revenue is recognized at a point in time, which is the moment control of the products is transferred to the customers.

15. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the period profit attributable to shareholders by the weighted average number of common shares outstanding during the period.

	Three-month period ended 30 June		Six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited and Unreviewed)	(Unaudited)	(Unaudited)- Restated
Net profit for the period	8,361,412	4,959,018	26,635,962	13,035,705
Number of shares:				
Weighted average number of shares for purposes of calculating basic earnings per share (share)	112,160,000	112,160,000	112,160,000	112,160,000
Weighted average number of shares repurchased (share)/ Treasury shares	4,000,000	4,000,000	4,000,000	4,000,000
Weighted average number of shares for purposes of calculating diluted earnings per share (share)	116,160,000	116,160,000	116,160,000	116,160,000
Earnings per share				
Basic	0.07	0.04	0.24	0.12
Diluted	0.07	0.04	0.23	0.11

The weighted average number of shares has been retrospectively adjusted for comparative periods to reflect the impact of bonus shares issued subsequently.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

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(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below shows book values and fair values of financial assets and liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities that are not measured at fair value if the book value reasonably approximates fair value.

30 June 2025 (Unaudited)					
	Book value		Fair value		
	Fair value	Amortized cost	Level 1	Level2	Level3
Financial assets at amortized cost					
Trade receivables	-	98,209,951	-	-	-
Cash and cash equivalents	-	8,530,317	-	-	-
Total financial assets	-	106,740,268	-	-	-
Financial liabilities at amortized cost					
Loans and borrowings	-	207,404,201	-	-	-
Lease Liabilities	-	2,912,333	-	-	-
Total financial liabilities	-	210,316,534	-	-	-
31 December 2024 (Audited)					
	Book value		Fair value		
	Fair value	Amortized cost	Level 1	Level2	Level3
Financial assets at amortized cost					
Trade receivables	-	51,822,512	-	-	-
Cash and cash equivalents	-	16,493,223	-	-	-
Total financial assets	-	68,315,735	-	-	-
Financial liabilities at amortized cost					
Loans and borrowings	-	165,373,905	-	-	-
Lease Liabilities	-	3,790,241	-	-	-
Total financial liabilities	-	169,164,146	-	-	-

The risk management policies of financial instruments during the period did not change from those followed by management during the year ended 31 December 2024.

17. SEGMENT INFORMATION

The Company has one business sector mainly represented in the export, wholesale and retail trade in scrap, aluminium, copper, plastic, electrical and electronic appliances, spare parts, tires, glass and all types of iron and also in sorting, storing and distributing it.

18. RESTATEMENT FOR THE PRIOR PERIOD

During the period ended June 30, 2025, the Company's management adjusted the comparative period for the first half of 2024, ended June 30, 2024, related to the adjustments made to the financial statements for the year 2023 and the first half of 2024. These adjustments were accounted for in accordance with International Accounting Standard (IAS) No. 8, "Accounting Policies, Changes in Accounting Estimates and Errors." Below is the impact of the adjustment:

A. During 2023 and the first six months of 2024, the Company accounted for financing contracts as sale and leaseback transactions and right-of-use assets, which do not meet the lease contract criteria according to International Financial Reporting Standard (IFRS) No. 16. As a result, the Company corrected this impact on property, plant and equipment, right-of-use assets, lease liabilities, loans, retained earnings, and the statement of profit or loss.

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18.RESTATEMENT FOR THE PRIOR PERIOD (CONTINUED)

B. The management of the Company has identified costs related to the right of use assets included in the prepayments and other receivables pertaining to prior year. Accordingly, the Company corrected this impact in right of use asset.

C. The presentation of the statement of financial position is changed retrospectively for better understanding and presentation by reclassifying the accrued interest to the loans and borrowings.

The total cashflows from operating, investing, and financing activities were not affected because of these restatements. The effects of the restatements in the statement of cash flows are primarily in adjustments for non-cash items and changes in working capital within cash flows from operating activities and hence, are not disclosed separately.

A- Summary of adjustments to the Statement of Financial Position as at 30 June 2024:

		Before restatement	Restatement	Reclassification	As restated
Property, plant and equipment	A	130,218,718	14,699,841		144,918,559
Right of use assets	A/B	10,911,148	(7,200,005)		3,711,143
Prepayments and other receivable		30,989,562	(351,500)	-	30,638,062
Statutory reserve		6,261,941	1,490,057	-	7,751,998
Retained earnings	A	80,474,491	2,497,370	-	82,971,861
Loans and borrowings - noncurrent portion	A	7,558,224	9,757,426	(1,363,324)	15,952,326
Lease liability - noncurrent portion	A	6,817,568	(5,333,330)	(179,834)	1,304,404
Loans and borrowings - current portion	A/C	8,525,782	2,815,859	33	11,341,674
Short-term loan	C	75,099,100	-	3,252,837	78,351,937
Lease liability-current portion	A	5,326,606	(4,079,051)	179,834	1,427,389
Accrued expenses and other liabilities	C	5,661,784	-	(1,889,546)	3,772,238

B- Summary of Adjustments to the statement of profit or loss and other comprehensive income for the period ended 30 June 2024:

	Before restatement	Restatement	As restated
Cost of revenue	(376,817,702)	1,955,999	(374,861,703)
Finance cost	(3,025,811)	37,532	(2,988,279)
Profit before zakat	12,105,119	2,009,651	14,114,770

19. SUBSEQUENT EVENTS

Management believes that there have been no significant subsequent events since 30 June 2025, up to the date of approval of these interim condensed financial statements that may have a material impact or require adjustment to, or disclosure in, the Company's interim condensed financial statements for the period ended on that date.

20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Company's Board of Directors on 11 Safar 1447H (corresponding to 05 August 2025).